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UNCLAS SECTION 01 OF 02 LILONGWE 000282

SIPDIS

SENSITIVE

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E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [EFIN](#) [EINV](#) [MI](#)

SUBJECT: MALAWI PAUSES ON FOOD CRISIS ACTION

REF: A. LILONGWE 143

[B](#). LILONGWE 198

[C](#). LILONGWE 210

SUMMARY

[1](#). (SBU) Malawi's president has recently softened his public stand on this year's food crisis and the government's likely reaction to it. From earlier indications, the GOM appeared to be set on a course of massive government-funded importation of maize for the commercial market. After several meetings with donors, the GOM now seems willing to wait for second-round crop estimates. A unified message from donors, patient explanation of how international food aid works, and high-level engagement appear to have been effective. End summary.

PANIC REACTION

[2](#). (SBU) As reported earlier (ref C), the GOM's response to early indications of a developing food crisis was close to panic. The government appeared to be ready to break its budget on yet another expensive and disruptive intervention into the commercial maize market. President Bingu wa Mutharika announced to donors that he intended to import upwards of 100,000 metric tons of maize. Government summoned experts and donors to consider how to organize the transportation of large volumes of maize into the country almost immediately. All of this was exacerbated by nearly complete ignorance by the new team of senior GOM officials about how the donor community assesses and reacts to food relief needs.

[3](#). (SBU) Several circumstances combined to produce this reaction. Opposition members of Parliament, looking to make political hay of the government's botched agricultural inputs program, have been eager to report a failed crop. Annual rainfall all but stopped just as the first crop estimate, itself predicting an average maize crop, came in mid-February (ref A). Poor rainfall throughout the region has threatened to reduce potential import supplies from Zambia, Mozambique, and Tanzania. Meanwhile, a maize surplus in South Africa is tempting the GOM with low prices that will be hard to match as the hungry season wears on.

DONORS: LET'S LOOK AT THIS CALMLY

[4](#). (SBU) As soon as the government made its plans known, the donor community pulled together to present a unified message: limit action to humanitarian relief (with donor support), avoid intervening in the commercial maize market (a major cause of food shortages in the 2002/3 famine), and send clear signals to the market. The International Monetary Fund immediately halted negotiations for a new funded program and pressed the GOM to make its plans clear in the draft budget. During meetings with senior foreign officials, including A/S for African Affairs Constance Newman and senior European Union officials in Brussels, Mutharika has heard the same messages.

[5](#). (SBU) Recently, the government seems to be moving to a rational course of action. When Mutharika returned from Brussels, his remarks to the press indicated something near a complete reversal: government will wait for later crop estimates before committing to any action, and government will work with donors to meet humanitarian relief needs. Subsequent donor meetings have indicated that the same general tendency away from a panic response.

16. (SBU) While the end of this episode has yet to be written, it appears at this point as if the donor community, together with the IMF, has managed to keep the GOM from breaking its budget and deepening the crisis by interfering with the commercial markets. Whether this could have happened without a new IMF program hanging in the balance is an open question.

But a few points are clear. First, a strong consensus on donor messages has helped, especially since the message has included assurances of help in the event of a genuine crisis.

Second, patient engagement to educate new senior officials on the way the international community assesses and responds to food crises is proving valuable; this step is necessary to build confidence in the donors' response mechanisms.

Finally, engagement at the most senior levels of government has been crucial to approaching this very political problem. None of this excludes the possibility of another catastrophic government intervention, but it now seems a smaller possibility.

GILMOUR